

ASSEMBLY BILL

No. 2196

Introduced by Assembly Member Fox

February 20, 2014

An act to add Article 9 (commencing with Section 12419) to Chapter 1 of Part 6 of Division 2 of the Insurance Code, relating to title insurance.

LEGISLATIVE COUNSEL'S DIGEST

AB 2196, as introduced, Fox. Title insurance: termination: exemption.

Under existing law, a policy of title insurance insures, guarantees, or indemnifies owners of real or personal property, or the holders of liens or encumbrances on that property, or others interested in the property against loss or damage suffered by reason of liens or encumbrances on, or defects in the title to the property, invalidity or unenforceability of any liens or encumbrances on the property, or incorrectness of searches relating to the title to real or personal property.

This bill would require that coverage under a policy of title insurance continue to the transferee when title is transferred to a trustee of the insured's revocable living trust of which the insured is a beneficiary with the power to revoke, or, if the trustee of a trust is the insured under the policy, when title is transferred by the trustee to the trust's settlor in his or her individual capacity. The provisions would only apply to policies of title insurance issued on or after January 1, 2015.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Article 9 (commencing with Section 12419) is added to Chapter 1 of Part 6 of Division 2 of the Insurance Code, to read:

Article 9. Exemption to Termination of Title Insurance on Transfers to Revocable Trusts

12419. (a) Coverage under a policy of title insurance shall continue to the transferee when title is transferred to a trustee of the insured's revocable living trust of which the insured is a beneficiary with the power to revoke, or, if the trustee of a trust is the insured under the policy, when title is transferred by the trustee to the trust's settlor in his or her individual capacity.

(b) This section applies only to a policy of title insurance issued on or after January 1, 2015.